

### DNR Fisheries Service: Cost Recovery Summer Study

July 17, 2012





- What does House Bill 1372 require:
  - Consideration of
    - the costs of managing and enforcing commercial fisheries;
    - the structure of the commercial license system;
    - accountability of licensees; and
    - setting commercial license revenue at a level that covers a fair and reasonable portion of the management and enforcement costs of the commercial fisheries.
  - Collaboration Tidal Fish and the Sport Fisheries Advisory Commission.





- What does House Bill 1372 require for this study:
  - Determine the allocation of the user fees for fisheries management of commercial or recreational fisheries based on revenues from those respective sectors.
  - Fair and reasonable allocation of the General Fund between the recreational and commercial fisheries.
  - Report on findings by October 1, 2012 and identify the actions needed to implement the plan by July 1, 2013.





### Cost Recovery in Fisheries Management: Best Practices

- Australia and New Zealand were the first countries to fully implement cost recovery.
- Fisheries in these countries are sustainable and profitable.
- Management costs as a percentage of dockside value are low (around 9%).
- We have adopted their approach to cost recovery.





#### Best Practices: Who Pays for What?

- The user group that drives the need for a specific management service pays for it.
- Public goods, that is, services that benefit the broader community, are fully or partially funded by the taxpayer.
- <u>Rationale</u>: different sectors pay in proportion to the benefits they receive from each service.





#### The Benefits of Cost Recovery

- Establishes a link between what fisheries management is worth to the different user groups and what it costs.
- Creates incentives for cost effectiveness in the provision of fisheries management services.
- Shifts focus from short-term cost-cutting to a long-term view on how to best manage the fishery, to achieve the outcomes that government and stakeholders want.

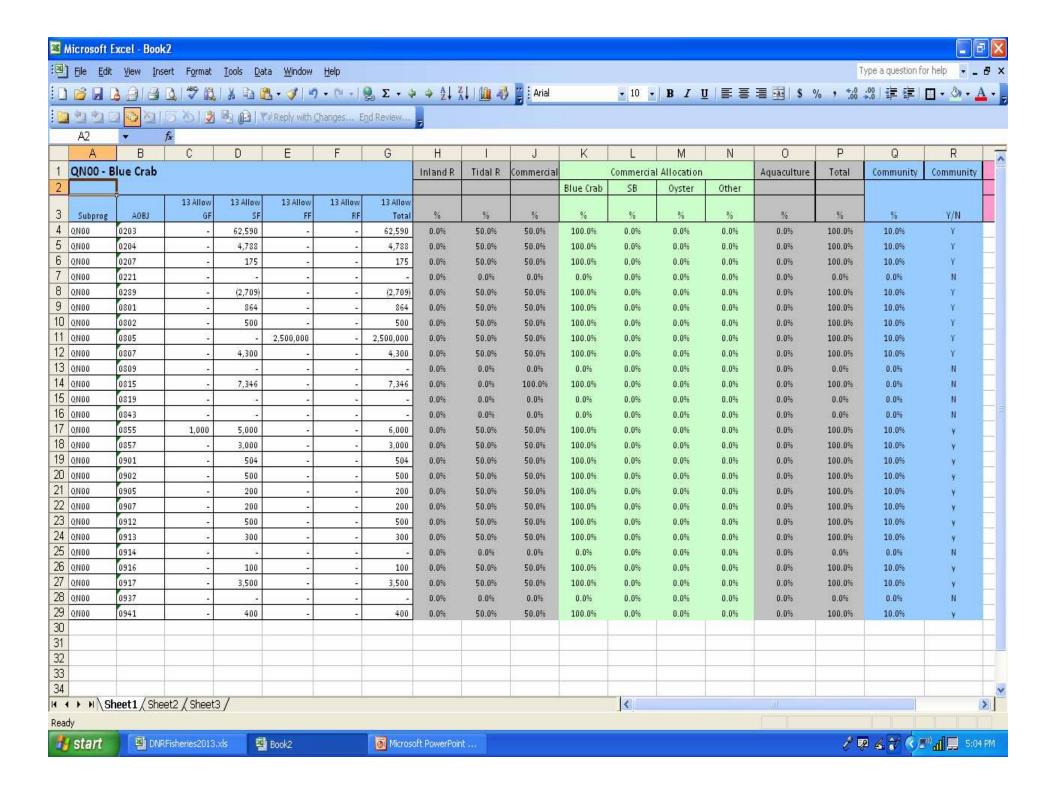


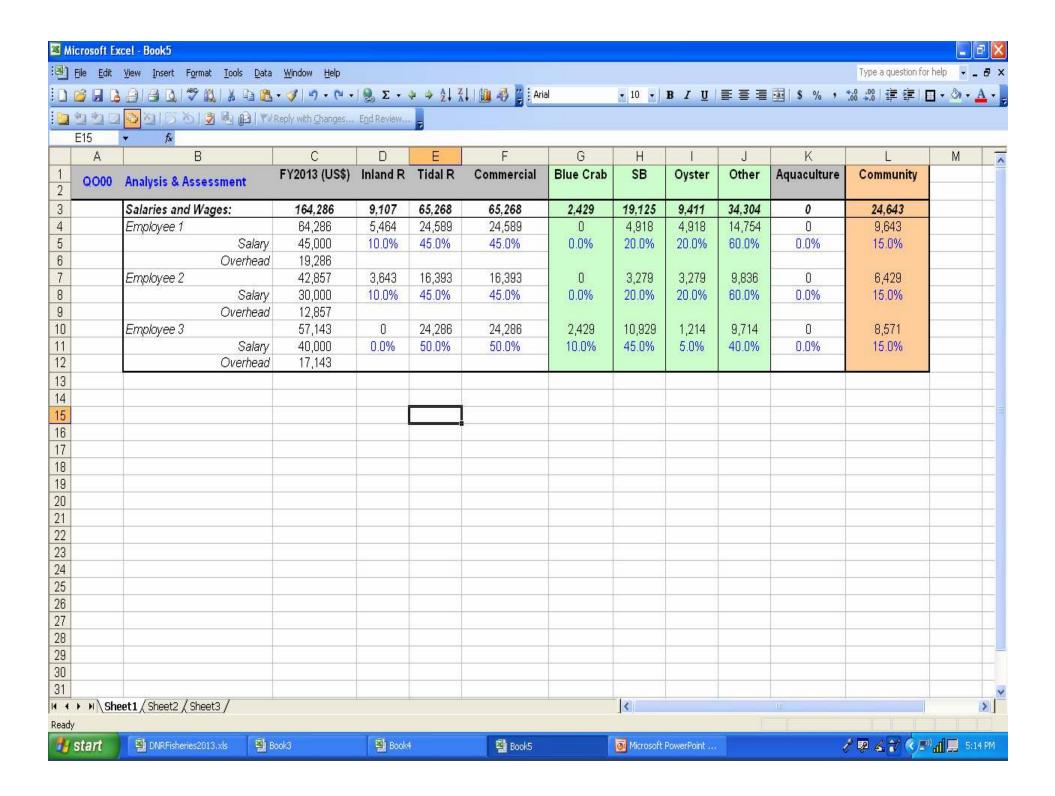


#### The Methodology

- <u>Step 1:</u> identify user/non-user groups (Inland Recreational, Tidal Recreational, Commercial, Aquaculture, and Community, which includes seafood consumers).
- <u>Step 2</u>: allocate salary of each employee in Fisheries Service (FS) to each group based on the time he/she spends working for its benefit.
- <u>Step 3:</u> allocate each non-salary item in FS budget in proportion to how the different groups above benefit from the service that item supports.









#### The Methodology

• <u>Step 4:</u> allocate contributions to other units (NRP, Licensing, Office of the Secretary) among user/non-user groups.

NRP allocation of field operation time to different fisheries	
Non Tidal recreational:	24.1%
Tidal recreational:	49.6%
Commercial:	26.3%
Crab:	6.9%
Finfish:	11.9%
Shellfish:	7.5%





#### The Methodology

- <u>Step 5</u>: Identify current sources of funding corresponding to each group.
- <u>Step 6</u>: Determine the additional funds, if any, required for each user group to achieve cost recovery.





#### Where are we in the process?

- Approved FY2013 Fisheries Service budget only became available last week (07/09/2012).
- FS is currently revising the previous allocation (i.e. FY2012) to incorporate budget cuts and the community non-user group, absent in the preliminary study.
- Results/conclusions expected in the coming month. Joint Commission Meeting early August.
- Consideration of process/meetings for this summer.

